

Enhancement:

IRS should enhance their e-Services and filing programs to allow for application to application communication.

Discussion:

The current information reporting system (FIRE) is designed as a web application that allows individual filers the ability to interface with the IRS systems for the filing of information returns. The system is based on a model where a user sits at a computer and interacts directly for the purpose of filing returns. The current system requires the user to extract data from the software program and manually file it through a web interface. This is a cumbersome process. The large majority of filers use a software program to calculate and produce filings in the required format. By providing this option, software developers can allow for “one button” transmission of information to the IRS.

The same process holds true for the receipt of products through the e-Services program. The system requires a human to interface with the system to accomplish the desired functions.

IRPAC believes that there is great benefit in delivering application-to-application products. The primary advantage to the filer is that it is much easier access to IRS systems through an interface with which they are familiar (their software program). The benefits to the IRS are as follows:

- Lower maintenance costs related to the development of those systems as they use current industry standards.
- Lowered support incidents from users of the systems as the entire interface and interaction is controlled by the transmitting software program.
- Consistency with the IRS Modernized efile platform used for income tax filing
- Lower number of paper filings which reduces cost and errors associated with such filings

Enhancement:

IRS should expand access to eservices to include business entities and their affiliated companies who e-File on their own behalf (e.g. consolidated 1120) and entities who file information returns on their own without a ‘Reporting Agent’ relationship. Currently, a person/entity needs to meet certain requirements to have full access to e-Service enhancements.

Discussion:

IRPAC discussed this issue with IRS W&I who subsequently presented it for consideration to the directors of Electronic Products and Services Support (EPSS) & Electronic Tax Administration (ETA). Currently, the e-Services products are designed

for third party filers of tax return information. The following information from the IRS website indicates who may use e-Services:

All **tax professionals** who register are eligible to use the following e-Services:

- Registration
- Preparer Tax Identification Number (PTIN) Application
- Online *e-file* Application

Electronic Return Originators (ERO) who have e-filed five or more accepted returns are eligible to use these incentive products:

- Disclosure Authorization (DA)
- Electronic Account Resolution (EAR)
- Transcript Delivery System (TDS)

Note: Effective November 1, 2007, all **Circular 230 Practitioners** who qualify as Attorneys, Certified Public Accountants, or Enrolled Agents will have unlimited access to the incentive products listed above whether they e-file their client returns or not. Click here for [FAQs](#) and [instructions](#) on how to apply or for answers to frequently asked questions.

Reporting Agents who are accepted IRS *e-file* providers, are eligible to use the following Reporting Agent e-Services products:

- Electronic Account Resolution (EAR)
- Transcript Delivery System (TDS)

Refer to [News from RAF](#) for more information.

Payers of income subject to backup withholding are eligible to use:

- Taxpayer Identification Number (TIN) Matching Application
 - Interactive TIN Matching
 - Bulk TIN Matching
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This model excludes entities reporting on their own behalf unless they can meet the Circular 230 practitioner definition. Many of these information return and tax return filers currently place phone calls to IRS contacts who then manually research issues and provide available information to the filers. IRPAC believes that there is an opportunity for IRS to eliminate a great deal of phone calls and manual processes to service the information reporting community by allowing access to these services.

Enhancement:

IRS should extend their e-Services to allow business taxpayers who file on their own behalf to file Form 2848, Power of Attorney and Declaration of Representative (POA).

Discussion:

Business taxpayers are often large and decentralized, with responsibilities for tax matters distributed across functional areas and have need to file Form 2848 to designate representatives who are non-officer employees to discuss tax matters with the IRS and to grant certain signature authority on agreements, consents, etc.. These taxpayers would benefit from online access to POA in which authorized users are centrally authorized for authenticated filing and viewing of active POA's. POA's Online filing would streamline processing and POA effective dates would be verifiable online by taxpayers. Online updating of POA by adding tax types and periods, adding and removing representatives, and changing representatives' addresses, would help to eliminate unnecessary duplicate filings. The taxpayer would benefit from centralized access to active POA's to identify the appropriate representative for IRS inquiries on various tax types. Use of the e-Services concept would eliminate paper filing and allow for more standardized record-keeping.

Enhancement:

IRS should extend their e-Services to accept business taxpayers not represented by tax professionals to register for electronic account resolution.

Discussion:

The e-file program allows tax professionals to expedite resolution on clients' account problems by electronically sending/receiving account related inquiries. Tax professionals may inquire about individual or business account problems, refunds, installment agreements, missing payments or notices. Business taxpayers not represented by tax professionals would benefit from the same type of direct access to their own accounts to view and respond to proposed adjustments, notices, and requests for information. This would expedite response times, provide verification of receipt and enhance development of standardized response formats. Use of the e-Services concept would eliminate paper filing and allow for more standardized record-keeping.

Enhancement:

IRS should enhance their e-Services and filing programs to allow businesses to electronically file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

Discussion:

Currently, business taxpayers can file employment tax returns electronically through authorized third-party transmitters using the Employment Tax e-file System. The addition of Form 1042 to this program would provide electronic return receipt acknowledgement, allow integrated payment options, eliminate the need for paper based returns, and allow for more standardized record-keeping.